

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Walter R. Cecchini, Jr.

Enforcement Case No. 08-6936

Consolidated Workers Association, Inc.

Respondents
_____ /

Issued and entered
on 7/8/09 2009
by **Stephen R. Hilker**
Chief Deputy Commissioner

CONSENT ORDER AND STIPULATION

A. FINDINGS OF FACT AND CONCLUSIONS OF LAW

It is alleged that the following statements are true and correct:

1. The Office of Financial and Insurance Regulation ("OFIR") is charged with the authority and responsibility for enforcement of the insurance laws of the State of Michigan.
2. On January 22, 2009, OFIR issued a Notice of Opportunity to Show Compliance alleging that Respondents violated the Michigan Insurance Code, as amended, MCL 500.100 *et seq.*
3. Respondent Consolidated Workers Association, Inc. ("CWA") is a Delaware corporation with its primary place of business in Wilmington, Delaware, and with offices in West Palm Beach, Florida.
4. Respondent CWA does not hold a certificate of authority, under Section 402 of the Code, as an insurance company in the State of Michigan.
5. Respondent CWA does not hold any licenses with OFIR.
6. Respondent Walter R. Cecchini, Jr. ("Walter Cecchini") is the president and sole director of CWA.

7. Respondent Walter Cecchini does not hold any insurance license or authority issued under Chapter 12 of the Michigan Insurance Code, MCL 500.1201 et seq.
8. Respondents CWA and Walter Cecchini offered and issued health and medical benefit plans to its member enrollees. The CWA health and medical benefit plans provided various benefits including benefits for physician office visits, emergency room visits, diagnostic lab & x-ray expenses, accident coverage, hospital confinement, intensive care, surgery, anesthesia and skilled nursing. The CWA plan documents indicated these CWA benefits are "Underwritten by Consolidated Workers Association."
9. There was no Michigan licensed insurance company that backed or guaranteed any benefits or promises made by CWA to its member enrollees.
10. Respondents CWA and Walter Cecchini contracted with Claims and Benefit Management, Inc. ("CBM"), and National Alliance of Benefit Services Association, LLC, ("NABSA"), to market CWA's benefit plan and to provide administrative services to the plan and member enrollees.
11. The CWA benefit plan was marketed through "blast faxes" and telemarketing to consumers, including Michigan consumers," by way of third party call centers contracted by NABSA. The "blast faxes" advertised the CWA benefit plan as health insurance. Consumers who enrolled in the CWA benefit plan became "CWA members" and their bank accounts were drafted for premiums and other fees by NABSA and/or CBM. CWA was aware that NABSA was utilizing third party call centers to market the CWA plan. Respondents CWA and Walter Cecchini allege that they never authorized the use of blast faxes and further allege that they instructed NABSA not to market the CWA benefit plan as a comprehensive health insurance plan.
12. On July 31, 2008, OFIR received a complaint from a Michigan couple. The couple alleged they purchased an insurance policy from Consolidated Workers Association, Inc. (CWA) with an effective date of May 1, 2008.
13. In April of 2008, \$299.00 was deducted from the couple's checking account. On May 14, 2008, another \$299.00 was deducted from the couple's checking account.
14. On May 29, 2008, the couple requested their policy with CWA be cancelled to avoid future deductions.
15. On or about August 12, 2008, CWA issued a \$299.00 check to the couple.
16. At least two Michigan residents were enrolled and issued the CWA benefit plan. The Michigan enrollees submitted complaints to OFIR claiming they were led to believe they were purchasing comprehensive major medical health insurance from a licensed insurer.
17. On or about August 8, 2008, Respondent CWA terminated its operations and no longer offers its benefit plans.

18. Respondents CWA and Walter Cecchini have been issued Cease and Desist Orders for operating as an insurance company without a certificate of authority in the State of Utah and the State of North Carolina.
19. The CWA health and medical benefit plans ("CWA benefit plan") are insurance contracts of insurance reasonably contemplated by the Michigan Insurance Code, in that CWA entered into a contract by which they were bound to pay money or its equivalent or to do some act of value to the insured upon, and as an indemnity or reimbursement for the injury or loss of something in which the other party has an interest.
20. Respondents CWA and Walter Cecchini, as President of CWA, have violated the Michigan Insurance Code by acting as an insurer or issuing an insurance policy or transacting insurance business in the State of Michigan without being granted a certificate of authority by the Commissioner of the Office of Financial and Insurance Regulation.
21. Based upon the above action, Respondents have violated Section 402, 402a, and 1201a of the Michigan Insurance Code, by issuing insurance policies in the State of Michigan and collecting premiums for these policies without a certificate of authority or licensure.

B. ORDER

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is ORDERED that:

1. Respondents CWA and Walter Cecchini shall immediately cease and desist from operating in such a manner as to violate Section 402, 402a, and 1201a of the Code, MCL 500.402, 402a and 1201a of the Code.
2. Respondents CWA and Walter Cecchini shall immediately cease and desist from:
 - a. Directly or indirectly contracting to provide insurance in this State for risks located in this State, whether as an insurer, agent, association, by affiliation agreement, or by any other method;
 - b. Directly or indirectly offering, selling, and marketing insurance in this State for risks located in this State, whether as an insurer, agent, association, by affiliation agreement, or by any other method;
 - c. Directly or indirectly issuing or delivering contracts of insurance or certificates of insurance or other evidence of insurance coverage in this State;
 - d. Directly or indirectly soliciting, negotiating, procuring or effectuating insurance coverage, or renewals thereof, disseminating information as to coverage or rates, forwarding applications, delivering policies or contracts, or in any manner representing or assisting any insurer in this State;
3. CWA and Walter Cecchini shall fully resolve any and all future complaints by Michigan CWA benefit plan members within thirty (30) days of CWA and Walter Cecchini receiving notice of such complaints.

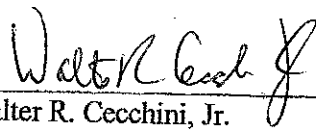
4. Respondent shall pay to the State of Michigan, a civil fine of Five Hundred Dollars (\$500.00.) Upon issuance and entry of this Order, OFIR will send an Invoice to Respondent, and Respondent shall pay the fine by the due date printed on the Invoice.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION

By: Stephen R. Hilker
Stephen R. Hilker
Chief Deputy Commissioner

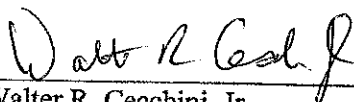
C. STIPULATION

I have read and understand the consent order above. I agree that the Commissioner has jurisdiction and authority to issue this consent order pursuant to the Insurance Code. I waive the right to a hearing in this matter if this consent order is issued. I understand that this stipulation and consent order will be presented to the Commissioner for approval and the Commissioner may or may not issue this consent order. I waive any objection to the Commissioner deciding this case following a hearing in the event the consent order is not approved. I admit the facts set forth in the above consent order and agree to the entry of this order.



Walter R. Cecchini, Jr.

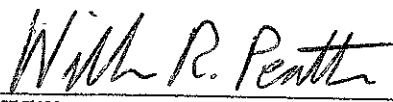
Dated: July 1, 2009



Walter R. Cecchini, Jr.
President, Consolidated Workers Association

Dated: July 1, 2009

The OFIR staff approves this stipulation and recommends that the Commissioner issue the above Consent Order.



William R. Peattie
Staff Attorney

Dated: 7/7/09